



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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**Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
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Commissioners

Carlos Jackson
Executive Director

June 14, 2005

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE PURCHASE OF PROPERTY INSURANCE, EXCESS WORKERS'
COMPENSATION AND EXCESS GENERAL AND AUTOMOBILE LIABILITY
INSURANCE FOR THE COMMUNITY DEVELOPMENT COMMISSION AND
HOUSING AUTHORITY (ALL DISTRICTS)
(3 Vote)**

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE
COMMUNITY DEVELOPMENT COMMISSION:**

1. Approve the combined purchase, with the Housing Authority of the County of Los Angeles, of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance, at a premium cost not exceeding \$875,000, for the period from July 1, 2005 to June 30, 2006, through the Commission and Housing Authority's insurance broker, Driver Alliant Insurance Services, Inc.
2. Authorize the Executive Director to purchase the property insurance, excess workers' compensation insurance and excess general and

automobile liability insurance and to make payments, as needed, for workers' compensation and general liability claims, using funds contained in the approved 2005-2006 Fiscal Year budget.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:

1. Approve the combined purchase, with the Community Development Commission, of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance, at a premium cost not exceeding \$875,000, for the period from July 1, 2005 to June 30, 2006, through the Housing Authority and Commission's insurance broker, Driver Alliant Insurance Services, Inc.
2. Authorize the Executive Director to purchase the property insurance, excess workers' compensation insurance and excess general and automobile liability insurance and to make payments, as needed, for workers' compensation and general liability claims, using funds contained in the approved 2005-2006 Fiscal Year budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to purchase property insurance, excess workers' compensation insurance and excess general and automobile liability insurance for the Commission and the Housing Authority under a Joint Purchase Program formed by Driver Alliant Insurance Services, Inc. The proposed purchase will provide required excess coverage above the Commission and Housing Authority's self-insured retentions.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The total approximate annual premium cost of \$875,000 will be paid from funds included in the approved 2005-2006 Fiscal Year budgets of the Commission and the Housing Authority.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On May 25, 1993, your Board approved the Commission and Housing Authority's participation in a Joint Purchase Program provided by Robert F. Driver Company, now known as Driver Alliant Insurance Services, Inc. The property, excess workers' compensation and excess liability and automobile insurance programs combine the purchasing power of public agencies to obtain insurance at rates below those available individually. Programs are underwritten by numerous insurance carriers, which are all

rated "A" Superior to Excellent by Best's Key Rating Guide. There is no sharing of limits or risk, and each participant is protected to the same extent as if separate policies had been written, with the exception of the excess workers' compensation insurance. The excess workers' compensation insurance is provided through the California State Association of Counties/California Public Entities Insurance Association (CSAC/CPEIA) pooled program, and while there is risk sharing on this assessable program, the coverage and rates offered are far superior to that available on an individual basis.

The Fiscal Year 2004-2005 budgeted amount for insurance coverage was \$1,200,000, and the actual premium for insurance coverage was \$760,000, which included property, excess workers' compensation and excess general and automobile liability insurance. Renewal of coverage under the Joint Purchase Program will be at an estimated annual cost not to exceed \$875,000. The amount budgeted for the 2005-2006 premium is significantly less than the amount budgeted for the 2004-2005 premium, due to stabilization in the insurance market, especially in workers' compensation and the decrease in catastrophes worldwide.

Ten percent of the premium will be paid to Driver Alliant Insurance Services, Inc. as a broker fee, in accordance with industry standards.

On May 25, 2005 the Housing Commission recommended approval of these actions.

ENVIRONMENTAL DOCUMENTATION:

The purchase of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES/PROGRAMS:

The proposed insurance will provide all the required coverage for Commission and Housing Authority properties and activities.

CONCLUSION:

Few carriers meeting the Commission and the Housing Authority's rating requirements are prepared to offer coverage as broad as this program, which includes coverage for employment practices liability and employee benefits liability. These items, which are usually purchased separately for an additional premium, are included as part of the master policy.

Respectfully submitted,

CARLOS JACKSON
Executive Director